STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	)	
On Its Own Motion	)	
Implementation of Section 13-712(g)	)	Docket No. 01-0539
of the Public Utilities Act	)	

REPLY TESTIMONY OF

KAREN W. MOORE

ON BEHALF OF

AT&T COMMUNICATIONS OF ILLINOIS, INC., TCG CHICAGO, TCG ILLINOIS AND TCG ST. LOUIS

AT&T EX. 1.1

JULY 16, 2002

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is Karen W. Moore. My business address is 222 W. Adams Street, Chicago, Illinois, 60606.

Q. ARE YOU THE SAME KAREN W. MOORE THAT SUBMITTED DIRECT TESTIMONY?

A. Yes.

Q. WHAT WILL YOU ADDRESS IN YOUR REPLY TESTIMONY?

A. I respond to the proposal of Ameritech witnesses Eric Panfil and James D. Ehr seeking to mechanically impose the same wholesale remedy plan requirements on all carriers. I will also respond to Ameritech's theory that the Commission should not incorporated by reference in the Part 731 rules the permanent Ameritech remedy plan, which is also to be used for Section 271 compliance purposes, that was ordered in Docket No. 01-0120 because the interim plan it replaced is "voluntary". I will briefly discuss Ameritech's proposal to have hearings to obtain payment of remedies when an ILEC provides poor wholesale services. Finally, I will respond to a few additional points made in Ameritech's testimonies.

I will respond to Verizon witness Louis Agro's proposal that competitive local exchange carriers ("CLECs") be subject to the same wholesale remedy plan requirements as medium-sized incumbent local exchange carriers ("ILECs"). I will additionally respond to the proposal of Mr. Agro and Verizon witness Faye

H. Raynor opposing the tariffing of remedy plans. I also briefly discuss Ms. Raynor's proposal to revise the definition of carrier to carrier wholesale service quality.

I finally respond to the direct testimonies of McLeodUSA/TDS Metrocom witness Rod Cox and WorldCom witness Karen K. Furbish seeking elimination or modification to Staff's proposed rule governing applicability of the Part 731 rule to CLECs, Section 731.805.

I. RESPONSE TO TESTIMONY OF AMERITECH

Q. DO YOU AGREE WITH AMERITECH'S PROPOSAL SEEKING IMPOSITION OF THE SAME WHOLESALE REMEDY PLAN REQUIREMENTS ON ALL CARRIERS? (PANFIL DIRECT, PP. 3, 9-11, 28-29)

A. No.[1] Ameritech's proposal is devoid of any recognition of the different businesses and market position of telecommunications carriers. Ameritech essentially wants to treat ILECs, regardless of size and existence of a Commission ordered remedy plan the same. More incredibly, Ameritech's proposal seeks imposition of the same requirements it faces on CLECs.

[1] I am not responding here to Mr. Panfil's rather lengthy discussion of the "purpose and intent" of Section 13-712(g) of the Illinois Public Utilities Act ("PUA"). I leave such a discussion to counsel.

Q. WHY DO YOU SUPPORT USE OF FOUR CATEGORIES OF CARRIERS AS PROPOSED BY STAFF?

A. Staff's rule does not arbitrarily create out of "whole cloth" four categories of carriers, but indeed carefully recognizes there are four broad kinds of telecommunications companies in Illinois. The two largest ILECs in this state are Ameritech and Verizon. Indeed, these two carriers are the nation's largest telephone companies, each with operations in many states. It is in the serving areas of these two companies that CLECs are most likely to enter, and indeed are competing today. Any rule adopted here should therefore incent both Ameritech and Verizon to offer adequate wholesale service quality to CLECs.

Staff's proposal calls for Level 2 carriers, which are ILECs such as Citizens and Illinois Consolidated Telephone Company that possess a small fraction of the access lines possessed by Ameritech and Verizon. Level 2 carriers do not currently have the levels of competitive entry that Ameritech has given the size and rural characteristics of their serving areas. Hence, Staff's proposed rules for these carriers should reflect this circumstance. Certainly, there is no valid public policy aim calling for Level 2 carriers to be automatically subject to the same requirements as Level 1 carriers, as Ameritech proposes.

Staff's proposed rules describe small rural ILECs as Level 3 carriers. Staff's rules recognize that little competition exists in their serving areas, and that imposition

of complicated rules on such small companies would be unduly burdensome. Ameritech's proposal, however, does not distinguish between these very small companies and this nation's two largest telecommunications carriers, Ameritech and Verizon.

Staff's proposal has CLECs categorized as Level 4 carriers. Unlike Ameritech, CLECs are not subject to the gambit of unbundling and other regulatory requirements in the PUA.[2] The reason is simple: CLECs are not bottleneck monopolists with 100-year-old protected monopolies. CLECs are therefore not ILECs, and there is no reason to support Ameritech's proposal to treat that company the same as CLECs.

Indeed, Ameritech's proposal is really nothing more than offering a "lowest common denominator" that would apply to all carriers, and only serves its interest to slow competitive entry. Ameritech's anti-competitive intent is evident to me, as their proposal would subject CLECs to rules that are utterly meaningless given their market position and lack of wholesale service offerings. This is because CLECs would still have to extend precious resources to abide by these rules. Thus, the proposal seeks to divert scarce CLEC resources to completely unnecessary rule compliance activities. Ameritech's proposal also will provide no incentive to Ameritech to improve its poor wholesale service quality, to the detriment of competition and is directly inconsistent with its existing remedy plan.

[2] I leave any discussion of the distinction contained in Illinois law between carriers offering only competitive services (CLECs) and those offering competitive and noncompetitive services (ILECs) to counsel.

This is because the remedies and standards proposed by Ameritech are a fraction of what the carrier is subject today under the permanent remedy plan adopted in Docket No. 01-0120. Add that on to Ameritech's proposal for the plan to not be self-executing, and this means the plan would have no positive impact on Ameritech's wholesale service quality.

Q. DO CLECS OFFER WHOLESALE SERVICES TODAY?

A. I cannot speak for other CLECs, but AT&T does not offer wholesale services such as UNEs – other than activities associated with switching customers -- to Ameritech. Indeed, we have never even had a request for UNEs or any other similar services. The reason is simple: AT&T and other CLECs do not possess a bottleneck monopoly over any portion of the local exchange market.

Q. DOES AMERITECH'S TESTIMONY SHOW CLECS OFFER WHOLESALE SERVICE TO ILECS?

A. Interestingly, while proposing mechanical application of the same wholesale remedy plan on all carriers, Ameritech's testimony proves the opposite. The only "services" Ameritech can point to that are purportedly offered by CLECs are where the company successfully wins back a customer. (Spieckerman Direct, p. 3). In only these two limited circumstances (provision of customer service records and firm order confirmations) can Ameritech even assert it purportedly needs some sort of wholesale service quality plan.

This stands in stark contrast to the wholesale services CLECs obtain from Ameritech. Both Ameritech and Verizon have over 100 performance measurements, as well as many submeasures, addressing the numerous wholesale services that both companies provide to CLECs.[3]

Q. WHAT IS AMERITECH'S RECORD OF OFFERING WHOLESALE SERVICE TO CLECS?

A. Ameritech offers chronically poor wholesale service to CLECs, which is why I recommend that rules incorporate by reference the more robust remedy plan adopted in Docket No. 01-0120. As the Commission is aware, Ameritech's wholesale and retail service performance has deteriorated since SBC took over the company. Moreover, the Performance Measure Test by KPMG reveals numerous and potentially fatal flaws in data gathering, retention, analysis, reporting, and fixing errors ("restating" in KPMG-jargon); thus, Ameritech's self reported data is so grossly inaccurate that it cannot reasonably be relied upon to determine whether nondiscriminatory service has been provided to CLECs. My opinion is not mere speculation, but is supported by KPMG's alarming reports of systemic failure in Ameritech's systems, and the low quality of its wholesale services.

The KPMG reports I refer to are Exception Reports 19, 20, 26, 41, 42, 47, 108, 113, and 124 and observation reports 465, 467, and 468, which I attach as AT&T Exhibit KWM-01. These exceptions all apply to the Illinois OSS test, and reveal

[3] *See, e.g.*, Ehr Direct, p. 5, where he states: "Ameritech Illinois reports performance on approximately 150 measures, which are divided into well over a thousand categories".

a number of KPMG-identified flaws in Ameritech's performance measurement systems, processes and procedures, including the following:

(1) Ameritech's data retention policies regarding source data do not enable thorough and complete audits to be conducted or facilitate the resolution of potential disputes which may arise between the CLECs, Ameritech and the regulatory agencies regarding the correct reporting of performance measurement results.

(2) The procedures and controls Ameritech has in place for performance measurement calculation and reporting are inadequate.

(3) Ameritech has repeatedly restated performance measurement results without notifying CLECs and regulators in a consistent manner.

(4) Ameritech's metrics change management process does not require the identification of changes to source data systems that impact metrics reporting and the communication of those changes to relevant parties.

(5) Ameritech failed to extract all the April 2001 data from the Regulatory Reporting System required to calculate certain performance measurements.

(6) Several Ameritech Performance Measurement reporting systems lack the controls and edits to ensure that data is received and successfully loaded into these Performance Measurement reporting systems.

(7) Ameritech fails to provide accurate notices of restatements on its website news page.

(8) KPMG is unable to replicate Ameritech's January 2002 reported results for certain key performance measurements.[4]

Q. SHOULD AMERITECH'S EXISTING POOR WHOLESALE SERVICE QUALITY RECORD IMPACT THE PART 731 RULES?

A. The rule should incent the company to improve its level of service. Ameritech's proposal seeks ludicrously low remedies that would never incent the company to offer adequate service to CLECs. For example, Ameritech proposes remedies of $1 for failures when "there is no charge for the covered service". If there is a charge associated with the service, Ameritech offers a remedy of 20% of the nonrecurring charge or, in some instances, that amount for each business day of delay. (*See, Ameritech Ex. 1.2, p. 10).* This contrasts with the remedy plan contained in the order in Docket No. 01-0120, which seeks much more substantial remedies for Ameritech's failure to offer adequate services to CLECs. Obviously, Ameritech's proposal seeking nominal remedies would do nothing to incent the company to offer adequate service to CLECs, and indeed is a green light to discriminate.

Q. SHOULD THE PART 731 RULES PROVIDE THAT LEVEL 1 CARRIERS' EXISTING REMEDY PLANS BE INCORPORATED BY REFERENCE?

[4] KPMG has issued additional exception reports addressing Ameritech's repeated performance failures (e.g., Exception Report 132). The reports discussed here comprise examples of Ameritech's chronic failures to offer adequate wholesale service to CLECs that are reported by KPMG, with many of these pending for over six months.

A. Yes. One of the best features in Staff's proposal is the flexible nature of the remedy plan for Level 1 carriers. By incorporating by reference the existing, or if expired, the most recent, remedy plan of Verizon and Ameritech, the rule allows for use of plans that are tailored to these carriers' particular wholesale service issues and existing performance measurements. I completely disagree with Ameritech's proposal to ignore its existing remedy plan recently ordered in Docket No. 01-0120, and instead use yet another plan for purposes of the rule.

Indeed, given the scarce resources of the Commission, its staff, and the parties, using a preexisting plan for Level 1 carriers is only prudent. Significant effort by the Level I carrier, staff, and the CLECs have gone into developing performance measures and remedy plan in Docket No. 01-0120 and in the many collaboratives preceding that docket.

Q. DO YOU AGREE WITH AMERITECH THAT THE COMMISSION CANNOT INCORPORATE INTO THE PART 731 RULE THE REMEDY PLAN THAT WAS ORDERED IN DOCKET NO. 01-0120? (EHR DIRECT, PP. 10-14).

A. No. Ameritech contends that the Commission should ignore the Ameritech remedy plan ordered in Docket No. 01-0120 and instead use a rule that is, as I discussed above, utterly inadequate, to apply to all carriers, including Level 1 providers. That position is ludicrous on its face, and Ameritech's contentions in support are frivolous.

Ameritech argues that there was an agreement in the SBC/Ameritech merger proceeding (Docket No. 98-0555) between Ameritech and the Commission, and that somehow precludes the Commission from using the results of Docket No. 01-0120 as its remedy plan here. No such agreement exists. The remedy plan was ordered by the Commission, and was not the result of some sort of "agreement". Ameritech does not possess the ability to "agree" with Commission orders. That would mean Ameritech could "disagree" with orders it does not like, which is exactly what Ameritech seeks to do here, and certainly is not a valid argument.

Ameritech asserts the remedy plan in Docket No. 01-0120 has no connection to this proceeding because the plan there arises out of the merger, and the plan here is for purposes of implementing Section 13-712 of the PUA. (Ehr Direct, pp. 10-11). If, indeed, this were the case, why does Mr. Ehr in his various pieces of testimony in other Illinois dockets, such as 01-0120 and 01-0662, repeatedly laud the former "merger" remedy plan for properly incenting the company to offer adequate wholesale services to CLECs and state that this plan suffices for purposes of Section 271? Yet here, Mr. Ehr is saying the "voluntary" plan should not be used. Obviously, Ameritech is trying to game the Commission.

Q. DO YOU AGREE WITH AMERITECH THAT ITS REMEDY PLAN CANNOT BE USED FOR PART 731 PURPOSES BECAUSE IT IS VOLUNTARY?

A. No. This is perhaps the most bizarre argument made by Ameritech. Ameritech's testimony seems to assume its former remedy plan – and the one recently ordered in Docket No. 01-0120 -- is somehow "voluntary". Because of the "voluntary" nature of the existing remedy plan, Ameritech then claims that the rule would somehow vitiate the "agreement" because the rule is pursuant to Section 13-712 of the PUA, and not as part of the order approving SBC's takeover of Ameritech. (Ehr Direct, pp. 10-11). Yet, in another witness's testimony, Ameritech then claims that the rule should provide that carriers should be able to use these same "voluntary" plans to satisfy the rule. (Panfil Direct, p. 13). This unwieldy proposal would essentially delegate to Ameritech, a private party, the ability to decide if it wishes to use its "voluntary" remedy plan in place of the rule's requirements. Obviously, this proposal is meritless.

[redacted]lly, I should note that Ameritech's discussion of the purported "voluntary" nature [redacted] remedy plan is unsuppor[redacted]Commission order or other policy that I am aware [redacted]Indeed, by expressly ordering [redacted]nois-specific plan in Docket No. 01-0120 the C[redacted]ission has already rejected [redacted]ntention. The only support for this argument is [redacted]akes this same position arou[redacted] co[redacted]t without any success and wi[redacted]consistency.

For exa[redacted]BC takes [redacted]sition that it must "co[redacted]t" to performance measurement chang[redacted]n whe[redacted]te utility commissi[redacted]ders the performance measurement changes. SBC has been most brazen wit[redacted]is

gument in Texas. On Jun 1, 2001, the Texas PUC ordered relatively minor changes to the Texas Remedy Plan, accepting the request of certain CLECs to add performance measurements for special access services. On July 3, 2001, Ameritech's affiliate Southwestern Bell Telephone Company ("SWBT") filed for rehearing and clarification of the Texas PUC's decision. In its rehearing request, SWBT stated: "Absent modifications on rehearing, SWBT will not be able to mutually agree to these PMs or their implementation."[5] In a footnote inserted at the end of the preceding sentence, SWBT stated: "In any event, the Performance Remedy Plan is a form of liquidated damages to which both parties must voluntarily agree in order for the remedy to be lawful and binding, as was done in the T2A. SWBT does not agree to liquidated damages for these identified PMs and any attempt to compel a negotiated agreement would constitute a violation of SWBT's constitutional right to due process."

The Texas PUC 's order in this case reflects the absurdity of SWBT's position. "The Commission finds that modifications to the Performance Remedy Plan are necessary in order to ensure that SWBT continues to comply with its performance measurement obligations."[6]

SBC has taken the position that it can "blackball" state PUC remedy plans to which it does not "consent" in all 13 of its operating companies. In recent comments to the FCC, SBC stated: "Neither federal nor state regulators have the

[5] Texas PUC Project No. 20400. SWBT Motion for Rehearing and Clarification, at p. 4.
[6] Texas PUC Project No. 20400 Order No. 39, Section 271 Compliance Monitoring of Southwestern Bell Telephone Company of Texas, p. 2.

authority to establish remedies to which parties to an agreement do not voluntarily agree."[7]

I urge the Commission to send a message to SBC/Ameritech that it is not permitted to unilaterally decide what decisions it can and cannot comply with, including any remedy plan and any changes to existing performance measurements adopted in Illinois, be it in Dockets 01-0120, 01-0662, or here. The Part 731 rules certainly should not be based upon any such theory.

Q. DO YOU AGREE WITH AMERITECH'S CONTENTION THAT THE STAFF'S PROPOSED RULE FORCES AMERITECH TO ABIDE BY AN EXPIRED REMEDY PLAN?

A. Ameritech's assertion that the proposed rule forces Ameritech to abide by an expired remedy plan is false. The rule is written to incorporate whatever remedy plan is currently in effect, as ordered by the Commission. If the Commission orders a change to the remedy plan, the rule accommodates that change. Indeed, the Commission has already rejected this contention by adopting a permanent remedy plan applicable for Section 271 compliance purposes in its recent order in Docket No. 01-0120.

[7] *See,* Comments of SBC Communications Inc., p. 3 (FCC Docket Nos. 96-98, 98-56, 98-141, 98-147, and 01-318, January 22, 2002).

Q. DOES ANY OTHER PARTY IN THIS CASE AGREE WITH AMERITECH'S PROPOSAL FOR THE PART 731 RULES TO IGNORE EXISTING REMEDY PLANS?

A. Tellingly, Ameritech's proposal is not supported by any other party, including Staff and this state's second largest ILEC, Verizon.[8] Every single party other than Ameritech supports Staff's proposal that the most recently ordered remedy plans for the state's two largest carriers, Ameritech and Verizon, should be incorporated by reference into the Part 731 rule.

Q. DO YOU AGREE WITH STAFF'S PROPOSAL THAT THE TERM OF THE REMEDY PLAN FOR LEVEL 1 CARRIERS SHOULD EXTEND BEYOND OCTOBER 2002?

A. Yes. Ameritech uses the purported October 2002 expiration date of its existing remedy plan as an excuse to say the plan cannot be extended beyond that time in the rule. (Ehr Direct, p. 12-13). This argument has no merit. First, as I mentioned above, the Commission has ordered a plan that applies for Section 271 compliance purposes. In addition, I am unaware of any Commission-authorized prohibition on incorporating by reference into the rule the permanent remedy plan adopted in Docket No. 01-0120. Ameritech's contention that extending the plan beyond the third anniversary of SBC's takeover somehow contravenes the meaning of the plan is therefore unsupported by any Commission determination.

[8] *See, e.g.*, Direct Testimony of Verizon witness Agro at pp. 2 and 11, supporting use of that company's existing remedy plan for purposes of the rule.

Q. DO YOU HAVE ANY RESPONSE TO AMERITECH'S TESTIMONY ADDRESSING THE EXISTING PAYMENT STRUCTURE AS PROPOSED BY STAFF FOR LEVEL 1 CARRIERS?

A. Ameritech makes two primary points regarding remedy payments. Both are utterly without merit.

Ameritech first contends that the rule should not provide for automatic payments of remedies when Ameritech fails to meet its performance measures. (Panfil Direct, pp. 14-15). Instead, Ameritech proposes that the Commission should conduct hearings prior to ordering payment of remedies. Ameritech's proposal, if adopted, would negate the whole purpose underlying the rules. The whole purpose of having remedy plan rules is to *avoid* conducting hearings each and every time ILECs fail to provide adequate wholesale services to CLECs. The rules establish the standard, and also provide the remedy payment for failure to meet the standard. That is the whole reason for rules in the first place. They are indeed intended to be self-executing. Ameritech's proposal would force hearings each and every time it flunks the rules. This would literally mean there could be dozens of such cases going on at any given time, which would require more resources than the Commission and the CLECs possess. The real purpose for Ameritech's proposal, as far as I can see, is obvious: to make it so difficult to obtain remedies (in particular the nominal remedies proposed by Ameritech) so as to discourage CLECs from ever seeking enforcement. This would, in turn, incent

Ameritech to offer poor wholesale service to CLECs, since it knows no CLEC has the resources to constantly litigate for the right to obtain remedies.

Ameritech's second payment proposal, which is tied to an example using customer service records and the remedy structure under Staff's proposed rule, is opaque. (Ehr Direct, pp. 16-17). Ameritech is already liable for remedy payments under its existing remedy plan. It is unclear to me whether Ameritech is arguing that the minimum standards required for Level 2 carriers should apply to them, or whether they are obligated to make the payments under the existing plans. I am therefore unsure whether Ameritech will pay remedies under the existing plan or the successor plan AND the remedies they propose here. In any event, this confusion underscores the merits of the Staff proposal that the same remedy plan ordered by the Commission elsewhere should be the remedy plan for purposes of the rule. To do anything else will invite the kind of chaos that permeates Ameritech's testimony, which in turn defeats the purpose of having a rule in the first place.

Q. ARE LEVEL 4 CARRIERS (CLECS) ENTIRELY EXEMPT FROM THE PART 731 RULES, AS AMERITECH CONTENDS? (PANFIL DIRECT, P. 9).

A. No. Staff's rules provide the CLECs can become subject to the rule, depending upon a Commission determination that it makes sense. Less colloquially, the rules provide that CLECs are subject to the same requirements as Level 2 ILECs

if the CLECs provide wholesale services, and the Commission determines that imposition of such requirements on the particular CLEC is in the public interest. (See Part 731.805 in Staff's proposal). This ensures that unfair burdens are not placed on small carriers. Ameritech's discomfort with this common sense approach speaks volumes on its intent that the rules (1) burden CLECs and (2) have no substantial impact on themselves.

Q. DO YOU AGREE WITH AMERITECH'S CONTENTION THAT THE RULES SHOULD NOT INCLUDE NEW WHOLESALE SERVICES? (PANFIL DIRECT, PP. 20-23).

A. I cannot understand Mr. Panfil's objection to 731.305 regarding wholesale services not yet provided. In docket after docket, both here in Illinois and in its other five states, Ameritech has assured the CLECs that any new service, or significant change to a service, will be included in its performance measurement plan. The provision in the rule merely codifies that commitment. Limiting services measured to those that exist today is shortsighted, given the changing nature of our industry.

Q. DO YOU AGREE WITH AMERITECH'S "STUDY" PURPORTING TO SHOW THRIVING COMPETITION IN THE LOCAL TELECOMMUNICATIONS SECTOR?

A. Of course not. I am not even sure what purpose the "study" accomplishes. It discusses the collapse in the CLEC industry and then turns around and says that

this is not affecting competition. As this is not a case examining such issues, I offer no rebuttal other than to note that the collapse of the CLEC industry certainly is not facilitating local competition, regardless of what the "study" purports to say. The "study" should be ignored.

Q. WHAT IS YOUR OVERALL OBSERVATION ABOUT AMERITECH'S PROPOSAL?

A. What I find most objectionable about Ameritech's proposed rule is its assumption of perfection for all carriers but itself. Ameritech's rule will not subject carriers with remedy plans in their interconnection agreements to the remedies in the Part 731 rule. Ameritech's former remedy plan ordered by the Commission in its merger proceeding, Docket No. 98-0555, has statistical tests and exclusions galore, but none of those opportunities for excuses are available for other carriers in Ameritech's proposed rule. Their proposed rule expects 100% compliance, 100% of the time. I refer the Commission to Ameritech's testimony supporting vast and complicated justifications for statistical testing to allow for random variation in results that is evidence of record in several dockets, including, most recently, 01-0120 and 01-0662. This inconsistency is yet another indication that the company's real agenda is to hijack the rules and literally make them useless for their intended purpose: incenting Ameritech to provide adequate wholesale services to CLECs.

II. RESPONSE TO TESTIMONY OF VERIZON

Q. SHOULD CLECS AUTOMATICALLY BE SUBJECT TO THE SAME WHOLESALE RULES AS LEVEL 2 CARRIERS? (AGRO DIRECT, PP. 14-15).

A. No. As I discussed above, classifying CLECs in the same fashion as Level 2 ILECs does not accomplish any kind of valid public policy goal. I agree with McLeodUSA/TDS Metrocom witness Cox, who cogently explains:

> Since CLECs, unlike Level 1 and Level 2 Carriers (which are ILECs) have not enjoyed the benefits of many decades of state mandated monopoly protection, and are in fact engaged in the difficult task of competing with those ILECs, there is no compelling reason to subject a CLEC to regulation of any wholesale service it may voluntarily choose to provide. If a purchasing carrier is dissatisfied with the wholesale service provided by a CLEC, the carrier will virtually always have at least one other option: it can obtain the service from the ILEC. Of course where an ILEC is providing the wholesale service it is usually doing so under compulsion of Section 251 of the Telecommunications Act, and the purchasing carrier usually has no other choice, which creates the entirely logical (and absolutely essential) need for regulation of the ILEC's quality of wholesale service. This is in stark contrast to a situation in which a CLEC voluntarily seeks to offer wholesale services to another carrier. The two carriers are able to negotiate a contract for such services, which may include service level agreements.[9]

Q. SHOULD REMEDY PLANS BE TARIFFED?

A. Verizon opposes the Staff's proposed Part 731.200 rule that remedy plans be tariffed. (Agro Direct, pp. 4-5; Raynor Direct, pp. 5-7). In the alternative, if the

[9] Cox Direct, pp. 6-7.

plans are to be tariffed, Verizon wants the rule to allow for carriers to seek a waiver. AT&T supports Staff's tariffing requirement. Having the detailed remedy plans for Level 1 carriers contained in a tariff provides an excellent reference point to any new CLECs entering the market, and also allows the Commission to carefully monitor the plans, including efforts to change their terms. AT&T does not, however, oppose allowing carriers to seek a waiver of the tariffing requirement, so long as the Commission first allow interested parties an opportunity to participate in such a proceeding.

Q. DO YOU AGREE WITH VERIZON'S PROPOSAL TO REVISE THE STAFF'S PROPOSED DEFINITION OF CARRIER TO CARRIER WHOLESALE SERVICE QUALITY? (RAYNOR DIRECT, PP. 10-12).

A. No. Verizon proposes that wholesale rules be limited to "basic local exchange" telecommunications services. This change, while seemingly minor, would gut the entire rule. This is because wholesale services provided from one carrier to another are not basic local exchange telecommunications services. They are a broad range of wholesale services that allow the CLEC to provide telecommunications services to its customers. The Part 731 rule governs the *wholesale* services provided by ILECs to CLECs, and not the resultant *retail* services the CLECs offer to end users.

Verizon also proposes that the definition of carrier to carrier wholesale service quality limit the rule's applicability to CLEC resold or "repackaged" services.

This unduly limits the rule. CLECs obtain numerous wholesale services from ILECs that are not then provided in turn as resold or repackaged services. An example is loops. Many CLECs obtain loops from Verizon and other ILECs, but then use their own switching to offer the resultant facilities-based service. Verizon's proposed change seems to take such wholesale services outside the ambit of the rules. Hence, Verizon's proposed definitional change should be rejected.

III. RESPONSE TO MCLEODUSA/TDS METROCOM AND WORLDCOM

Q. DO YOU AGREE WITH THE PROPOSAL OF MCLEODUSA/TDS METROCOM TO ELIMINATE STAFF'S PROPOSED RULE GOVERNING CLEC WHOLESALE SERVICE, SECTION 731.805? (COX DIRECT, PP. 7-9)

A. Yes. Either of McLeodUSA/TDS Metrocom's proposal – eliminating Section 731.805 outright or tightening the requirements for Level 4 carriers to be subject to Level 2 wholesale service requirements are acceptable to AT&T.

Q. DO YOU AGREE WITH WORLDCOM, INC'S PROPOSAL THAT STAFF PROPOSED SECTION 731.805 BE MODIFIED TO INCLUDE A REQUIREMENT THAT CLECS MUST FIRST BE SHOWN TO BE SUBJECT TO SECTION 251(c) ILEC OBLIGATIONS BEFORE BEING

RECLASSIFIED AS A LEVEL 2 CARRIER? (FURBISH DIRECT, PP. 15-17)

A. WorldCom's proposal is acceptable to AT&T.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.